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## PROVINCE'S SPENDING BELOW TARGET BUT REVENUE SHORTFALL PUSHES UP DEFICIT

**Toronto** -- Ontario government spending is below Budget targets, but further revenue shortfalls have pushed the province's deficit higher, according to the Third Quarter Ontario Finances, released here today.

The Treasury publication reports a \$1 billion shortfall in revenues, in addition to the \$550 million posted for the second quarter, bringing the total projected shortfall to \$1.6 billion. As a result the deficit target has been revised to \$10.9 billion, from \$9.9 billion.

Meantime, expenditures are projected at \$53.9 billion, well below the Budget target of \$54.5 billion.

"This government is a model for expenditure management," said Ontario Treasurer Floyd Laughren today. "We had already found savings of \$355 million by the end of the second quarter," he said.

"When we were advised that our revenue projection had dropped by \$550 million in the second quarter, we moved quickly to find savings to cover it.

"As a result, in the third quarter we cut costs by another \$270 million, bringing total spending reductions so far this year to \$625 million," he said. "That's more than half of the \$1.2 billion in taxation revenue shortfall."

Laughren pointed to key government savings strategies:

- an 18 per cent reduction in non-salary operating spending across government this year
- overall government operating spending has grown by less than 1 per cent, excluding increases in public debt interest payments and social assistance costs.

"However," he said, "we remain committed to meeting the needs of those hardest hit by the recession."

"This summer, for example, we found money to put into a brand-new program, **jobsOntario Youth**. We have increased the funding of the Ontario Student Assistance Plan and the Ontario Guaranteed Annual Income System because of the greater need among students and seniors for these programs," he said.

The Treasurer said Ministries are continuing to review and reduce spending. He stressed that work continues to make programs more cost-effective next year and in subsequent years.

The Treasurer emphasized that these cost savings are being implemented in spite of \$4.4 billion in federal off-loading in the areas of health, social assistance and higher education. "Without this federal off-loading, our operating deficit would be less than half what it is," he said.

"If you compare Ontario with other jurisdictions, we have managed to keep the deficit in check, while preserving essential services and trying to get the economy moving again," he said.

Laughren said the slow-paced recovery continues to affect the province's finances, with receipts from the retail sales tax, corporate income tax, and employer health tax remaining weak during the third quarter, accounting for \$535 million of the latest shortfall. He said delays in finalizing the sale of Skydome and the refinancing of GO Transit rolling stock account for a further \$140 million and \$325 million in revenue shortfall, respectively.

He added that Treasury staff are reviewing the implications of the revenue shortfall for the 1993-94 fiscal forecast.

The Treasurer will be available to speak to the media today, at 3 pm, outside the East Lobby in the Legislative Building.

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